

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTHERN	)	
KENTUCKY WATER DISTRICT FOR	)	CASE NO.
APPROVAL OF REFINANCING OF	)	2016-00272
OUTSTANDING BONDS	)	

ORDER

On July 28, 2016, Northern Kentucky Water District (“Northern District”) applied to the Commission for authorization to issue revenue bonds in the principle amount of \$47,335,000 to refinance existing bonds. Having considered the record and being otherwise sufficiently advised, the Commission finds that:

1. Northern District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that provide retail water service to 81,671 customers in Boone, Campbell, and Kenton counties, Kentucky.<sup>1</sup>

2. Northern District proposes to issue Refunding Revenue Bonds, Series 2016 (“2016 Refunding Bonds”) in the principal amount of \$47,335,000.<sup>2</sup> The proposed 2016 Refunding Bonds will have a 15-year term with interest rates that vary between 0.9 percent and 3.6 percent per annum.<sup>3</sup>

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<sup>1</sup> *Annual Report of Northern Kentucky Water District to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2015* at 14 and 56.

<sup>2</sup> Application, Exhibit 1 at 6.

<sup>3</sup> *Id.*

3. Northern District proposes to use the proceeds of the 2016 Refunding Bonds to retire the Water District Revenue Bonds, Series 2006 ("Series 2006 Bonds")<sup>4</sup> and the Water District Revenue Bonds, Series 2009 ("Series 2009 Bonds").<sup>5</sup>

4. Approximately \$21,125,000 of the Series 2006 Bonds remains outstanding. These bonds bear interest rates that vary between 4.0 percent and 4.375 percent per annum.<sup>6</sup>

5. Northern District will expend \$21,495,000 to refund the outstanding Series 2006 Bonds and to pay bond issuance costs.<sup>7</sup>

6. Approximately \$23,215,000 of the Series 2009 Bonds remains outstanding. These bonds bear interest rates that vary between 4.75 percent and 6.5 percent per annum.<sup>8</sup>

7. Northern District will expend \$25,840,000 to refund the outstanding Series 2009 Bonds and to pay issuance costs.<sup>9</sup>

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<sup>4</sup> Case No. 2005-00148, *Application of Northern Kentucky Water District for (A) an Adjustment of Rates; (B) a Certificate of Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds* (Ky. PSC Apr. 28, 2006), Order.

<sup>5</sup> Case No. 2007-00135, *Application of Northern Kentucky Water District for an Adjustment of Rates and Issuance of Bonds* (Ky. PSC Dec. 21, 2007), Order.

<sup>6</sup> Application, Exhibit 1 at 9 and 10.

<sup>7</sup> *Id.* at 5. Uses of Funds: \$268,688 (Total Underwriter's Discount) + \$63,347 (Cost of Issuance) + \$21,159,412 (Deposit to Net Cash Escrow Fund) + \$3,553 (Rounding Amount) = \$21,495,000. Sources of Funds: \$21,495,000 (Par Value of Bonds).

<sup>8</sup> *Id.* at 11 and 12.

<sup>9</sup> *Id.* at 5. Uses of Funds: \$323,000 (Total Underwriters Discount) + \$76,153 (Cost of Issuance) + \$25,439,414 (Deposit to Net Cash Escrow Fund) + \$1,433 (Rounding Amount) = \$25,840,000. Sources of Funds: \$25,840,000 (Par Value of Bonds).

8. Northern District estimates that the proposed refinancing of the Series 2006 Bonds and the Series 2009 Bonds will result in total gross savings and net present value savings of \$7,094,956 and \$4,698,563, respectively.<sup>10</sup>

9. Northern District's proposed 2016 Refunding Bonds are for a lawful object within Northern District's corporate purpose, are reasonably necessary, appropriate for, and consistent with the proper performance of its service to the public, will not impair Northern District's ability to perform that service, and are reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Northern District is authorized to issue its proposed 2016 Refunding Bonds in a principal amount not to exceed a total of \$47,335,000 for the purpose of refinancing the Series 2006 Bonds and the Series 2009 Bonds, but only under such terms and conditions that will produce both positive gross savings and net present value savings.

2. If the actual terms and conditions of the 2016 Refunding Bonds differ from those set forth in the application, Northern District shall, within 30 days of issuing the 2016 Refunding Bonds authorized in this proceeding, file with the Commission amortization schedules and work papers showing the actual gross savings and net present value savings that resulted from the refinancing of the Outstanding Revenue Bonds.

3. Northern District shall, within 30 days of issuing the 2016 Refunding Bonds authorized herein, file with the Commission a statement setting forth the date

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<sup>10</sup> *Id.* at 4.

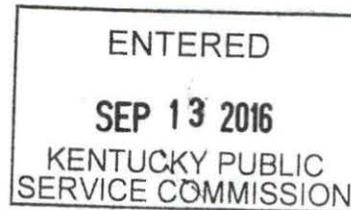
each of the 2016 Refunding Bonds were issued, the actual interest rates, and the principal amount.

4. The proceeds from Northern District's issuance of the 2016 Refunding Bonds shall be used only for the lawful purposes specified in the application.

5. Any documents filed pursuant to ordering paragraphs 2 and 3 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission



ATTEST:

  
Executive Director

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